

Message Text

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PAGE 01 BANGKO 21483 301222Z

44

ACTION EB-07

INFO OCT-01 EA-07 NEA-10 ISO-00 CAB-02 CIAE-00 DODE-00

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SUJBC THAI AIRWAYS INTERNATIONAL-AIR SIAM AGREEMENT

REF: BANGKOK 21482

1. ON JULY 28, THE MINISTRY OF COMMUNICATIONS (MOC) ANNOUNCED AN AGREEMENT BETWEEN GOVERNMENT-OWNED THAI AIRWAYS INTERNATIONAL (TAI) AND AIR SIAM, A PRIVATE INTERNATIONAL CARRIER. FOLLOWING MEETINGS INVOLVING THE THREE PARTIES, THE MINISTER OF COMMUNICATIONS, THAWIT KLINPRATHUM, AND UNDER-SECRETARY OF STATE FOR COMMUNICATIONS, DR. KA NAKHAMADI, JOINTLY RELEASED THE FOLLOWING STATEMENT:

QUOTE: IN ORDER TO STRENGTHEN AND UNIFY THE AVIATION INDUSTRY OF THAILAND AND TO STOP THE LONG DISPUTE BETWEEN THE TWO THAI AIRLINES WHICH HAS EXISTED FOR YEARS NOW, THE FOLLOWING HAS BEEN DECIDED UPON:

1) AIR SIAM VOLUNTARILY WILL DROP THE SINGAPORE ROUTE AWARDED ON MAY 15, 1975, IN ORDER TO AVOID UNNECESSARY DUPLICATION WITH TAI.

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PAGE 02 BANGKO 21483 301222Z

2) AIR SIAM VOLUNTARILY WILL REDUCE TOTAL SEATS TO 292 SEATS

PER WEEK AND TRANSFER TO TAI FOR SECTOR BKK/HKG (146) HKG/JAPAN (146) O ENABLE TAI TO INCREASE ONE ADDITIONAL FLIGHT TO HONG KONG. NEW SEATING CAPACITY WILL BE AS FOLLOWS: TAI 4024 SEATS PER WEEK, AIR SIAM 3444 SEATS PER WEEK TOTALLING 7468.

3) MOC WILL ISSUE A PERMIT TO AIR SIAM FOR NEW ROUTE TO EUROPE IN ORDER FOR AIR SIAM TO EXPAND AROUND THE WORLD FLIGHTS IN THE FUTURE. DECISION MADE FOR DESTINATIONS NOT DUPLICATING WITH TAI. THIS ROUTE INCLUDES SWITZERLAND, ISRAEL AND SRI LANKA. ROUTING WILL BE BKK/CMB/TLV/ZUR AND RETURN. THIS DECISION MADE IN COMPLIANCE WITH CABINET RESOLUTION ON JAN 21, 1975.

4) MOC WILL LAY DOWN THE FOUNDATION FOR MUTUAL COOPERATION BETWEEN THE TWO AIRLINES AND DECIDED TO APPOINT THE MANAGING DIRECTOR OF AIR SIAM TO BE MEMBER OF THE BOARD OF TAI AND THE MANAGING DIRECTOR OF TAI TO BE A MEMBER OF THE BOARD OF AIR SIAM IN RECIPROACTION.

5) IN COM
ECTION WITH TERMPFCUYTPOC SAS AND HAI AIRWAYS
AGREEMENT ON MARCH 31, 1977, THAI AIRWAYS SHALL PURCHASE SAS SHARES IN TAI OF THIRTY MILLION BAHT. MOC WILL ALLOW AIR SIAM TO PURCHASE SAS SHARES ON BEHALF OF TAC. IN THE MEANTIME AIR SIAM SHALL ALLOW THAI GOVERNMENT TO HOLD THIRTY MILLION BAHT OF SHARES IN AIR SIAM. UNQUOTE.

2. EMBOFFS, IN COURSE OF CONVERSATION WITH VIRACHAI VANNUKUL, PRESIDENT AND MANAGING DIRECTOR OF AIR SIAM ON JULY 28, WERE HANDED A COPY OF THE TELEX BY WHICH VIRACHAI SENT THIS DECISION TO ALL AIR SIAM OFFICES AROUND THE WORLD. HE ENDED HIS ELEX MESSAGE WITH THE FOLLTWINING:

QUOTE: BOARD OF DIRECTORS AND MANAGEMENT OF AIR SIAM ARE VERY PLEASED ON THIS ACHIEVEMENT AS IT ENDS A FIVE LONG YEARS OF STRUGGLE. NOW YOU CAN RELEASE THIS INFO TO PRESS MEDIA. JUST DON'T FORGET TO FILL UP OUR SEATS AND SELL LIKE HELL. VIRACHAI. UNQUOTE.

3. VIRACHAI UNDE
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PAGE 03 BANGKO 21483 301222Z

STANDABLY WAS PLEASED WITH THIS AGREEMENT
BECAUSE AIR SIAM NOW WILL NOT COMPETE DIRECTLY AGAINST TAI ON THE BANGKOK-SINGAPORE ROUTE AND BECAUSE IT GIVES AIR SIAM THE OPPORTUNITY TO DEVELOP A NEW ROUTE TO EUROPE NEXT YEAR. HE RTG WILL HAVE TO SEND A TEAM TO ISRAEL AND SWITZERLAND TO NEGOTIATE THE TERMS BUT VIRACHAI WAS CONFIDENT THEY COULD BE SETTLED SATISFACTORILY.

4. COMMENT: IT IS DOUBTFUL THAT THIS AGREEMENT WILL COMPLETELY SETTLE THE DIFFERENCES BETWEEN THE TWT AIRLINES. VIRACHAI OBVIOUSLY CONSIDERS IT ONLY A FIRST STEP LEADING TOWARD SOME TYPE OF MERGER. (HE PRESENTED THE MOC WITH A STUDY OUTLINING FIVE LATERATIVE METHODS OF MERGER.) BU HE IS OPTIMISTIC THAT THIS AGREEMENT ENSURES THE CONTINUATION OF AIR SIAM AND EXPECTS TO PURCHASE OR LEASE ONE ADDITIONAL WIDE BODY AIRCRAFT IN 1977. THUS FAR THERE HAS BEEN NO PUBLIC COMMENT ON THIS AGREEMENT BY TAI.
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